

HOUSING DEVELOPMENT PROJECT REVIEW

Application Review: Alum Rock Multifamily
Borrower: Alum Rock, L.P.
Address: 1860 Alum Rock Ave, San José, CA 95116
Census Tract: 5037.10 **San José Council District:** 5 **Supervisorial District:** 2
Developer/Sponsor: Charities Housing Development Corporation of Santa Clara County
Residential sq. ft.: 39,611 sf **Commercial/Office sq. ft.:** 3,165 sf
Construction Type: 4-Story Type V-A over 1-Story I-A

Alum Rock Multifamily



1860 Alum Rock Avenue, San José, CA 95116

Project Summary:

Alum Rock Multifamily is an affordable housing development consisting of 58 units on a 0.66-acre site and is being developed by Charities Housing Development Corporation of Santa Clara County (Charities). The proposed development will consist of 58 affordable apartments, comprised of 7 studios, 19 one-bedrooms, 15 two-bedrooms, and 16 three-bedrooms (plus one manager unit). Twenty-nine (29) units will be set aside for the County of Santa Clara's Rapid Rehousing (RRH) Program. The remaining 29 units will accommodate individuals and families earning up to 60% of the area median income (AMI). The apartments will all be located in one wood-framed building over a concrete podium and include outdoor common space, an upper-level courtyard, a community room with a full kitchen, laundry facilities, and bicycle storage. A local community-oriented organization will utilize approximately 3,165 sf of commercial space on the ground floor.

Existing Conditions: The site is currently improved with three commercial operating businesses and have each entered a month-to-month lease with Alum Rock, L.P. and will remain on the property until final entitlements are received for the project. Charities has retained a consultant to assist with the relocation of each commercial tenant.

Land Use: The proposed site is located at 1860 Alum Rock Avenue in San José. The site is 0.66 acres and is located within the City of San José Alum Rock Urban Village and is zoned Main Street Ground Floor Commercial District (MS-G). The proposed affordable housing development is consistent with the mixed-use zoning ordinance.

Green Building: The development is planned to meet the San Jose Reach Code by including electric energy efficient appliances and providing at 10% of its parking with EV charging stations.

Environmental Review: The County’s commitment to fund will be contingent upon the project obtaining necessary entitlements and California Environmental Quality Act (CEQA) clearance. The project is currently under review for a site development permit under Senate Bill (SB 35) Streamlined Approval Process, which requires a ministerial approval process for developments that include a specified level of affordability and comply with objective development standards. Under SB 35, the ministerial approval would not constitute a “project” for purposes of CEQA. Should the project be approved under SB 35, the approval process is expected to be completed by Summer 2021.

Project-Based Vouchers (PBV’s): Charities is not requesting Section 8 Project-Based Vouchers.

Services: Charities will deliver on-site resident services to the 57 restricted units. The County will be responsible for coordinating services for 29 RRH units at a cost of \$217,500 per year.

Project Schedule and Financing:

Milestone	Date of Completion
1. Site Control	April 2020
2. Community Engagement (continuous and ongoing)	July 2019
3. Entitlements/Land Use Approval	July 2021
4. Submit 4% Tax Credit Application	February 2022
5. Receive reservation of tax credit award	June 2022
6. Construction finance closing	November 2022
7. Begin Construction	November 2022
8. Start of Lease-Up Activities	November 2023
9. Complete Construction	May 2024
10. 100% Occupancy	September 2024
11. Permanent Loan Conversion	February 2025

Permanent Source of Funds

Permanent Loan	\$4,162,000
County of Santa Clara	\$11,600,000
HTSV	1,360,000
Tax Credit Equity	\$20,424,070
Other Funding Sources	\$7,250,000
Deferred Developer Fee	\$3,008,704
Total Permanent Source of Funds	\$47,804,774

Use of Funds

Acquisition	\$3,431,450
New Construction	\$30,598,835
Architecture and Engineering	\$1,012,014
Financing Fees	\$3,265,832
Legal Fees	\$120,000
Soft and other costs	\$3,545,505
Capitalized Operating Reserve	\$320,219
Developer fee	\$5,510,919
Total Use of Funds	\$47,804,774